



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

CLEAN ENERGY

IN THE MATTER OF THE	)	ORDER ESTABLISHING
VOLUNTARY GREEN POWER	)	SURETY BOND REQUIREMENTS
CHOICE PROGRAM --	)	FOR GREEN POWER MARKETERS
	)	
	)	DOCKET NO. E005010001

(SERVICE LIST ATTACHED)

BY THE BOARD:

On February 9, 1999, the Electric Discount and Energy Competition Act (EDECA), N.J.S.A. 48:3-49 et seq. was signed into law. The Board approved the Voluntary Green Power Choice Program (Program) at its March 24, 2005 agenda meeting and memorialized the Program by Board Order dated April 13, 2005, in Docket No. E005010001. Pursuant to that Order, the Program requires prospective marketers to obtain a license issued by the New Jersey Board of Public Utilities to function as a Green Power Marketer (GPM). The Board reserved decision as to financial assurance requirements for GPMs.

This Board Order sets forth minimum creditworthiness requirements for each prospective marketer to participate in the Program as a licensed GPM. The surety bond requirements set forth in this Order are designed to protect consumers and other participants in the event of a GPM default.

## DISCUSSION

The Board and the Office of Clean Energy (OCE) are committed to implementing a statewide Green Power Choice Program that is consistent with the Board's policies and actively engages green power marketers to participate in the competitive market for renewable energy products and to invest in its development. GPM qualification criteria for the Program are modeled after the BPU's current licensing standards for Third Party Suppliers (TPS) as set forth at N.J.A.C. 14:4-2, 4-3, 4-4, 4-8(c), with the exception of those financial assurance requirements pertaining to a Load Serving Entity, specifically N.J.A.C. 14:4-2.6(a) and 14:4-2.6 (e). Staff previously recommended to the Board in connection with the February 18, 2004 public comment process that the standards and rules for GPM qualification should be comparable to those for a competitive supplier but should ensure and protect Electric Distribution Companies (EDCs) and consumers from supplier default and risks associated with the GPM's obligation to deliver renewable energy credits (RECs) on the customer's behalf.

In connection with the February 18, 2004 proceeding, prospective green power marketers commented that standards and rules governing the licensing of a GPM should not be more stringent than those for TPS which could deter suppliers from participating in the program. GPM further commented that EDECA and BPU regulations give BPU discretion to recognize acceptable financial instruments for meeting surety requirements related to licensing and requested that BPU allow Letters of Good Credit as well as surety bonds to meet any security requirements. At the March 24<sup>th</sup> agenda meeting, the Board decided that further review and consideration of the requirements for the surety bond or equivalent financial instrument, as applicable, for GPMs was necessary.

After review of electric power supplier and gas supplier licensing requirements at N.J.A.C. 14:4-2 and the GPM licensing criteria in other states, OCE recommends that the surety bond amount be set at \$25,000 rather than the \$250,000 currently required for TPS licenses. This value is approximately one month of REC supply, assuming a 1% participation rate. The security is to insure against failure to pay taxes or failure to meet commitments or obligations to customers or EDCs pursuant to the Program. The Board anticipates that the surety bond amount or other equivalent financial instrument, if determined by the Board hereinafter to be acceptable, may need to be increased based upon the GPM participation rate and monthly commitment of RECs.

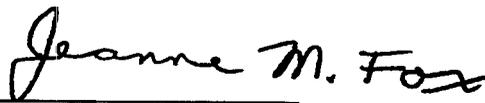
## FINDINGS AND CONCLUSIONS

The Board HEREBY FINDS the GPM minimum surety bond requirements of \$25,000 through a surety bond issued by an entity licensed in accordance with all applicable statutes and regulations of the New Jersey Department of Banking and Insurance, consistent with the Board's objectives to foster a competitive marketplace for renewable energy and consistent with New Jersey law and HEREBY APPROVES the GPM surety bond requirements as set forth herein. The requirement of \$25,000 is hereby incorporated by reference into the Program in

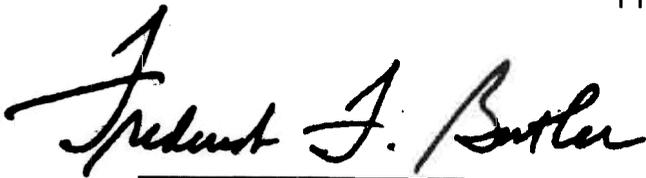
Appendix C-Licensing, Paragraph 3(11) and 4(b) and 4 (b) (1). Prior to the expiration of TPS regulations in January 2006, the OCE shall propose regulations for GPMs which shall include the required amount for a surety bond or other equivalent financial instrument as may be determined by the Board. OCE shall review participation data and other available information and make recommendations to the Board by no later than December 2006 of any modifications it proposes to the required amount for the surety bond or other equivalent financial instrument.

DATED: *May 12, 2005*

BOARD OF PUBLIC UTILITIES  
BY:



JEANNE M. FOX  
PRESIDENT



FREDERICK F. BUTLER  
COMMISSIONER



CONNIE O. HUGHES  
COMMISSIONER



JACK ALTER  
COMMISSIONER

ATTEST:



CARMEN DIAZ  
ACTING SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

